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CUSTOMER SERVICE PROCESS OPTIMIZATION AT SONAE MC

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Abstract

Sonae MC is constantly innovating and keeping up with the new market trends, being increasingly focused on E-commerce due to its growing importance. In that area, a telephone line is available to support customers with their problems. However, rare were the cases in which those problems were solved in the first contact. Therefore, the goal of this work was to reengineer these processes to improve the service performance and consequently the customer's satisfaction. Following an evolutionary approach, improvement opportunities were suggested and if correctly implemented the cases resolution time could decrease 1 day and Sonae MC will save €7.750 per month.

Keywords: E-commerce, optimization, mapping process, business process reengineering

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Acronyms

BPM – Business Process Management

BPR – Business Process Reengineering

CC – Contact Center

COL – Continente Online

CRM – Customer Relationship Management

GDP – Gross Domestic Product

IO – Improvement Opportunity

1- Introduction

Sonae, Sociedade Nacional de Estratificados, was founded in 18th of August 1959 by Afonso Pinto de Magalhães. Today, listed on Lisbon Euronext as SON, it is one of the most important Portuguese retailers, operating in the area of food retail, specialized retail – sports, fashion, electronics, retail real estate, and investment management, with partnerships in the management of shopping centers and telecommunications. These businesses are carried out by six different companies, as shown in appendix 1. The group is present in more than sixty countries, including the operations, representative offices, partnerships and franchising agreements. It is currently one of the biggest employers in Portugal, having around 40000 employees and 1300 stores (Sonae, 2015). In appendix 2, it is attached a summary of the most important Sonae historical landmarks, information extracted from the website that can be consulted for a more detailed analysis.

Sonae MC is the food based business unit of Sonae and it was responsible for a revolution in the Portuguese consumption habits by opening the first hypermarket in Portugal in 1985 (Matosinhos). It is the market leader in the Portuguese Food Retail Industry and it is present in several formats: hypermarkets (Continente), convenience and proximity supermarkets (Continente bom dia, Meu Super and Continente modelo), restaurants and coffee shops (bom bocado and BAGGA), book shops (note!), health, well-being and eye care (*Well's*), dogs and cats products and services (ZU) and garden and domestic pets (Pet&Plants). Furthermore, it has 640 stores and a sales area of approximately 639 000 m².

ModeloCom, the e-commerce area, is the division of Sonae MC responsible for the mobile apps and for the online platform, Continente Online (COL) and Well's Online, launched in 2001. Since then, COL has managed to reach about 72% of the Portuguese population and has over 400 thousand customers registered, having a market share of about 70% in Portugal in this segment (www.hipersuper.pt). In Continente Online, customers have access to the products offered in

Continente supermarkets and therefore can choose from a range of 20 thousand food and non-food products. Recently, the Mobile area launched a new app called “Continente” which allows the customers to make their orders through the application as they do in the website. Sonae MC is focused on developing strategic and innovative tools, as innovation is indeed one of the main values of the company.

In order to enhance the customers’ online experience, Sonae MC hired Reditus, the outsourced company in charge of the Contact Center, responsible for solving a wide range of problems related exclusively with Continente Online. According to the type of situation communicated by the client, the operator classifies the case through the Customer Relationship Management (CRM) software in different typologies, such as “missing items” when there is a product which was not delivered, “unrealized deliveries” when the order was not delivered, “information” if the customer has any question and “returns” when the customer wants to return a product, among others. At the beginning of the project, there were several cases which were not solved in the first contact, which increased costs and customer dissatisfaction.

This project was developed precisely with the ultimate goal of optimizing the Contact Center processes of Continente Online under a full-time internship at Sonae MC in the E-commerce area. The objective was to reduce the average time that a case remains active (3 days is the average current value) by correcting the inefficiencies in each CRM typology and consequently increase the customer’s satisfaction. Hereupon, the central question defined for this project was: *What should Sonae MC do in order to optimize its Contact Center service and give a faster response to the customers?*

The work project is organized in 9 chapters. In chapter 2, I will present an overview of the development of the e-commerce in both Portugal and Sonae MC. A literature review will be

presented in chapter 3 with some authors' insights about Business Process Reengineering and in chapter 4 an explication about the methods used during the analysis.

In chapter 5, indicators of the Sonae MC Contact Center activity were created with the purpose of taking conclusions about the processes that most contribute for the average time in active status. After that, I was in conditions to decide in which processes Sonae MC should focus on, as the goal is not to study all 26 CRM typologies, but rather select the most relevant ones and focus on those (chapter 5.2). It was important to start by drawing each flowchart of the chosen CRM typologies (chapter 5.3), in order to have an accurate notion about how the things were usually done ("As Is"). Then, I conducted one personal interview and a survey driven to the Reditus operators, aiming to find the pain points in each typology, i.e., to identify the stages where the process stopped, why it did not flow normally and how many days it stopped in each stage.

In chapter 6, I thought about improvement opportunities capable of solving the inefficiencies previously identified, which later will be applied according to a pre-defined implementation plan. Finally, the major conclusions are presented in chapter 7.

2- E-Commerce in Portugal

Since it was launched, Internet had a direct impact on people's lives, changing patterns of behavior, creating new trends and contributing to extensive technological advances (Kumar, Eidem and Perdomo, 2012). To keep up with these changes, companies had to invest in the development of innovative strategies to adapt their core business to this new online generation. As a consequence, new concepts were created, such as E-commerce, which is a business model in which a company sells its goods or services over an electronic network, normally the Internet, decreasing the costs incurred (Kalakota and Whinston, 1996).

The first company to have an online platform was Amazon, in 1995 (Amazon.com), an online bookshop. After that, many companies started doing the same. According to the fourth quarterly barometer of E-commerce (Acepi & Netsonda, 2014), more than 70% of people use the internet and 40% of these users have bought online. As can be seen in the graph in appendix 3, the online shoppers grew 45% between 2009 and 2012 (ACEPI, 2013). It is also estimated that in 2017 35% of the Portuguese population will buy online, while in the world this ratio is estimated to be 25% - see appendix 4 (ACEPI, 2013).

In 2014, E-commerce in Portugal has reached €50B, with a growth of 13,3% and representing 29% of the total GDP (Eletrónico & Os, 2015). Among the national firms, 32% are present on the internet and 10% have an online store (Acepi & Netsonda, 2014).

This new trend had a direct impact on how the business world is structured. A main consequence was the need to increase the channels by which the companies interact with consumers – for example, it was created a new business model called brick-and-click, in which organizations have physical and online sales channel (Zhuang & Lederer, 2008).

Given these changes, the majority of the industries had to change their strategy of how to communicate with the clients, in order to be in line with the latest technological developments. In the retail industry, this multi-channel approach is the biggest change since the introduction of the self-service concept in the 60s (Rittinger and Zentes, 2011). E-commerce made it easier and faster for consumers to find lower-price sellers – online stores are indeed available 24 hours per day, 7 days per week, at a distance of one click. On the other hand, it is also really positive for the most experienced retailers, which can seamlessly integrate their online and offline channels, providing a truly multi-channel experience (Ofek, Katona, & Sarvary, 2010). According to Rittinger and Zentes, those clients who are familiar with the multi-channel approach are the most valuable and the most loyal to the brand, since this new model allows customers to adopt the

interaction channel that best suits them in the moment of the purchase (Rittinger and Zentes, 2011).

E-commerce may also present some disadvantages for customers, such as the inability to inspect the goods prior to purchase and the lack of personalized service provided. As for the company's disadvantages, the experience in the store is lost and the costs associated with the preparation and delivery of the order are frequently high. Moreover, applying E-commerce to food retail is a challenge, since the business deal with perishables products, being the customers more reluctant to buy those goods online and also having higher delivery costs than the non-food retail.

2.1- E-Commerce in Sonae MC

The E-commerce area in Sonae MC was created in 2001 and it is responsible for the online platform – Continente Online and Well's Online – and for the mobile apps, being institutionally represented by ModeloCom. Continente Online was released in 2001 and it has now more than 400 thousand of registered customers and 12 million of annual visits, as it offers a simple, practical and convenient service in a society that have less and less free time. Indeed, it allows customers to order online their products and then choose the delivery method: home delivery or pick-up-point (pick up the order in a certain place, which can be a store, a drive-through or places temporarily created for that purpose). In addition, there are several mobile apps to catch up different purposes, as can be seen in appendix 5. The first to be launched was the Chef Online, in 2011, and since then several apps have been developed. Currently, there is one app for promotions, called *Mfolhetos* and two to support the physical shop, which are *Cartão Continente* to use coupons without the physical card (in the top of downloads – more than 160.000) and *Tiravez*, which offers the convenience of taking a number through the phone. In order to support and to make online purchases there is an app called *Listas*, for the customers to organize their

purchase intentions and an app launched in October 2015, titled *Continente*, which allows customers to make their orders through the application. Moreover, there is an internal app for products feedback and six to reinforce the customer attitude towards the brand.

The e-commerce area has five different departments: core businesses development, expansion into new businesses, mobile, analytics and operations. The main responsibility of the core businesses development is the website edition and management, whereas the expansion into new businesses department is focused on thinking and organizing specific future businesses, such as the toys campaign. The mobile division is responsible for managing the apps and the analytics team prepares the necessary reports for business analysis. The operations play a crucial role in the E-commerce area, since it is responsible for all the logistics related with online purchases, namely the moment when an order is made, the picking in the stores and the delivery.

Geographically, online orders are prepared through the picking process in 15 stores (see appendix 6). It also has a centralized operation in Lisbon, two warehouses for seasonal articles in Maia and Valongo and a summer operation in Algarve. In December 2015, the operations had a significant improvement – the creation of a Superstore in Lisbon, which is a warehouse only to prepare e-commerce orders. Before, online orders were only prepared in Continente stores. It is likely to be a very positive change and, if the results are as good as expected, another Superstore may open in Porto.

3- Literature Review

Before starting the study about the CC processes, it was important to find what has been studied about processes and business process reengineering from different authors.

I start by framing the need to study and improve processes, which was the reason for the development of this project. We live in an economy which is becoming more and more

globalized as it is characterized by a liberalized international trade, technological changes, demanding customers and constant introductions of new products (O'Neill and Sohal, 1999), increasing instability, volatility and a strong competition in the markets (Fernandes, Raja, & Antony, 2001). These transformations lead to a climate of constant changes in companies (Darmani & Hanafizadeh, 2013), to accompany the new market practices or even to be pioneers in particular subjects – this is what Drucker named “Age of Discontinuity” (Drucker, 1969). Hence, this involves a constant adaptation process from companies, as they change frequently their processes (Fernandes et al., 2001) and organization structures (Prasad, 1995). As Chadha said, “having competitive processes has become as important (if not more) as having competitive products” (Chadha, 1995).

According to Davenport, a process is “a structured, measured set of activities designed to produce a specified output for a particular customer or market” (Davenport, 1993), which has implications on the way a work is done internally. Hammer and Champy describes it as “a set of activities that, taken together, produces a result of value to a customer” (Hammer and Champy, 1993) and Davenport and Short as “a set of logically related tasks performed to achieve a defined business outcome” (Davenport & Short, 1990). Thus, a process is a flow of steps executed by systems and people to add value internally or externally. After identifying the essential operations, each one has to be examined in terms of creating a process map by software programs (Kumar & Phrommathed, 2006) in order to comprehend a business (Carteret and Vigden, 1995) and identify improvement opportunities (Hellström & Eriksson, 2008). Processes are often disorganized and the effects of interaction between tasks may not be present, according to Sinha (2011). In this sense, to reengineer a process it is required a step of modelling (Bond, 1999), which identifies where the process could be improved (Soliman, 1998), then a simulation phase and finally a reengineering stage (Doomun & Jungum, 2008). According to Hammer and Champy (1993),

reengineering is “the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical contemporary measures of performance such as cost, quality, service and speed” and this was considered one of the first priorities of manager views, according to Auringer (2009). A business process has three main elements: the inputs, the processing and the outcome, being the processing the most difficult part because it has to be reengineered to be more efficient, i.e. consume less time and money (Zigiaris, 2000). Moreover, it is important to consider that a Business Process Reengineering (BPR) has a central concern, which is customer-orientation, being as important to achieve the company objectives as it is to increase the customer satisfaction (Mohanty, 2001). According to Chan and Peel, there are two categories of reasons for an organization to reengineer: 1) external factors, such as customers’ requirements and changes in the industry and 2) internal factors, such as the need to increase efficiency or to reduce costs (Chan & Peel, 1998). More specifically and according to Zigiaris, the main objectives of a business organization when they are investing in BPR management techniques are: 1) customer focus, aiming to increase the clients’ satisfaction; 2) speed, which is scarce and directly linked with the efficiency of tasks; 3) flexibility, which means the capability to quickly adapt to the new market practices; 4) quality, since it depends on the processes and not mainly on the person; 5) innovation, to give competitive advantage; 6) productivity, to increase the efficiency levels of the organization and 7) transparency, by organizing better a company and thus increasing the comprehension (Zigiaris, 2000). Indeed, increasing transparency is an important goal of BPR. This is the capacity to observe everything, being “easy to discover ways to create value” (Womack and Jones, 2003) and “providing people with a clear understanding of different aspects of the current system performance” (Bauch, 2004). Transparency could be evaluated at different attributes - in appendix 7 there is a table with the benefits of process

mapping in different attributes of transparency, judged by different authors (Klotz, Horman, Bi, & Bechtel, 2008).

In order to achieve the desired goals, there are some important lessons that should be considered in the BPR, such as defining a clear mission, focusing on business processes critical to the firm, establishing both a cost reduction and a revenues growth driver, benefiting all the stakeholders and defining a clear leader in the process (Attaran & Wood, 1999).

Furthermore, it is important to anticipate and to avoid some barriers that might lead to negative results and ultimately to abandon the reengineer process, namely lack of top management involvement, problems of communication within the organization, lack of necessary training for the employees to be familiarized with new ways of working, bad choice of people involved in the process and resistance to change (Attaran, 2000). This resistance to change depends on the company's employees. According to Burke, the employees which have a better attitude towards a reengineer process are: men, qualified employees and those who have been working in the company for a long period of time (Burke, 2004). The factors that might be the source of this resistance to change are "middle management fear of losing authority, employees fear of losing job, skepticism about project result and feeling uncomfortable with new working environment" (Abdolvand, Albadvi, & Ferdowsi, 2008). In order to mitigate this problem, a firm should have tools of business process management (BPM), which is a continuous effort to make the company more efficient, to improve processes and to increase the attention of stakeholders to their day-to-day roles. According to Schmiedel et al., there are ten principles to have a good BPM, which can be seen in appendix 8 (Schmiedel et al., 2014). It is essential that top-level managers get involved in the BPR in order to motivate workers to actively contribute to the process (Hammer, 1990).

Finally, it should be mentioned that the success of BPR depends not only on the business processes improvement but also on rethinking the business rules and the necessary modifications

(Polpinij & Dam, 2015). Reengineering business processes implies “changes in people, processes and technology over time” (Doomun & Jungum, 2008) and also in individual roles (Train, 1991).

4- Methodology

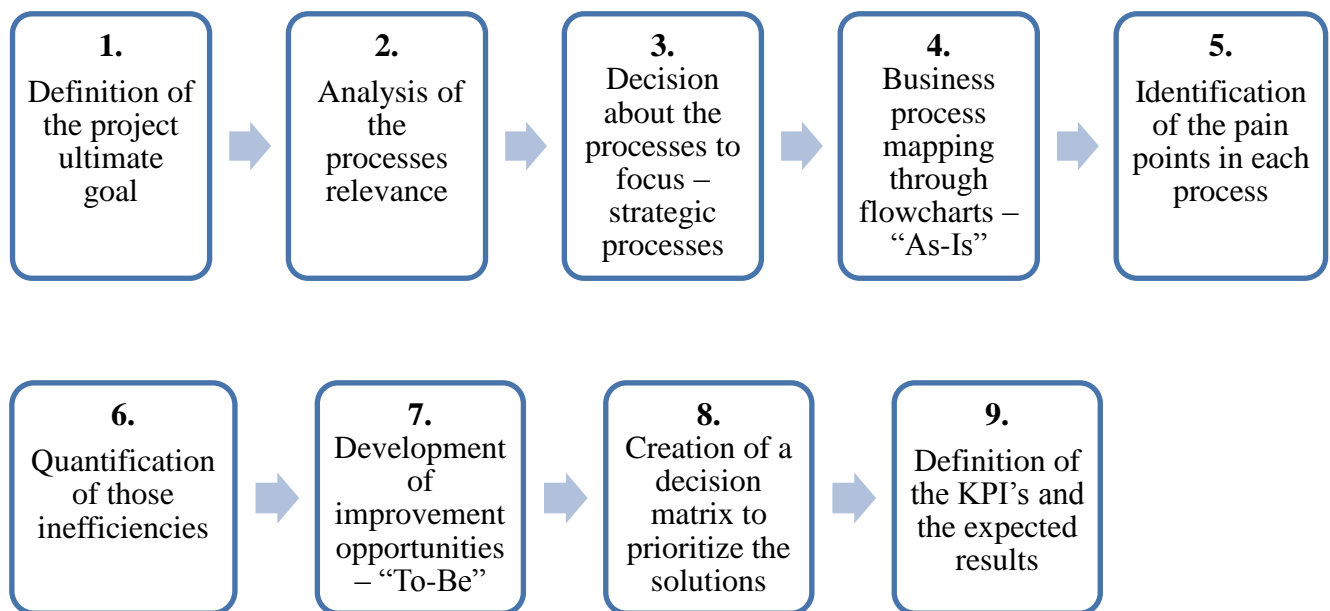
In this part, it is presented the methodology followed in this Business Process Reengineering. “Of special note is the combining of qualitative with quantitative evidence. Although the terms qualitative and case study are often used interchangeably, case study research can involve qualitative data only, quantitative only, or both” (Yin, 1994). In this work, it was not always possible to focus on quantitative data, and therefore it was followed a hybrid methodology, pursuing both a positivist and an interpretative stream:

- 1) Quantitative approach: it is a “technique that uses complex mathematical and statistical modeling, measurement and research to understand behaviors” (Harwell, 2011). In this project, it was given a high focus on quantitative data, mainly from the CRM software;
- 2) Qualitative approach: it is based on subjective judgements used to understand a reality in more different perspectives than those obtained by using quantitative data. Information for those judgements is normally gathered in interviews, informal conversations, open questions, focus groups or in a simple observation. In this project, it was used all these means except focus groups.

Indeed, quantitative analysis can point out objective elations that might have not been detected by the researcher, generating a greater objectivity and guaranteeing results’ accuracy. However, qualitative data is important to understand the reasoning underlying the quantitative analysis previously conducted and to generate conclusions that make sense to the company (Creswell, 2003), which was the goal of this project.

According to Eisenhardt, “case studies typically combine data collection such as archives, interviews, questionnaires and observations” (Eisenhardt, 1989). In this project, the data was collected from all these sources.

The following scheme briefly shows the structure of this study, with reference to the main steps that were followed throughout the work.



With regards to the different steps followed in this project, the first task was the definition of the main purpose of the BPR, according to the process structured by Bipin Chadha (Chadha, 1995). Then, the business processes that were going to be the main focus of the analysis were decided. Following an “As-Is” strategy as structured by Eisenhardt (Eisenhardt, 1989), those business processes were described and studied in order to identify the existing inefficiencies. After that, several techniques and corrective measures were applied so that the “To-Be” processes (how they should work after the project) could be structured, which were the transformation from the old process (Hammer and Champy, 1993).

In more detail, after the definition of the main goal, the relevant data was taken from the CRM software (Microsoft Dynamics™ CRM, version: 4.0, reference: 4.0.7333.3822) and the relevance of each process was studied in terms of frequency of occurrence. By doing so, it was possible to define the strategic processes that were the main focus of this project. According to Eisenhardt, “analyzing data is the heart of building theory from case studies” (Eisenhardt, 1989).

After that, I collected information about the chosen processes - their steps, objectives, costs and timings - by observing and questioning the main players of the processes, in this case the CC operators. It was then possible to define the “As-Is” processes’ structure. Using a process mapping software (Visio), I was able to map each process through flowcharts (appendix 10). Afterwards, I conducted a semi structured interview with a CC operator to find out the main problems and inefficiencies in each process, in order to guarantee that the inefficiencies identified were not only based on what I had been observing during the CC activity. Subsequently, I conducted a survey among the operators asking the number of additional days that each pain point normally causes. A pre-test with two people was done to validate the survey and to guarantee that it is properly designed, in order not to jeopardize the analysis. Then it was sent to all the operators (24).

The ensuing step was the “To-Be” phase and, according to Chadha (1995), there are actually two alternative approaches that could have been followed: the revolutionary and the evolutionary approach. The first one includes more profound and long-term changes, such as the replacement of a technology used in a certain activity. The second one follows a strategy in which the pain points in each process are eliminated in order to optimize the “As-Is” processes and thus increase their productivity. To be in line with what was asked by Sonae MC, the evolutionary approach was the chosen method. In this phase, critical thinking and brainstorming of ideas were essential to develop improvement opportunities that could correct the inefficiencies detected. Furthermore,

it was important to take in consideration improvements conducted in previous years in order to be consistent and to guarantee the success of the “To-Be” stage.

Finally, a cost/benefit analysis of each improvement opportunity was conducted and a feedback meeting was schedule in order to discuss the solutions proposed. The implementation capability of each one was defined as well as their expected impact. After that, I designed a matrix based on those two factors (implementation capability and expected impact), which was the main focus of the prioritization strategy structured subsequently. Afterwards, Sonae MC was in conditions to start the implementation, according to my recommendations.

To sum-up, I established a reference point of what the organization was, where it wanted to be and what should be done to make that happen. For that, I defined improvement opportunities and the respective roadmap, as was also proposed by Kumar & Phrommathed (2006).

The final conclusions of this study may be biased, as the hybrid methodology followed in the research presupposes that some considerations are partially based on the opinion and interpretation of the researcher. However, “all research depends on interpretation, but with standard quantitative designs there is an effort to limit the role of personal interpretation” (Stake, 1995). In this project, quantitative designs were used with this purpose. Also, according to Yin, it is irrelevant which analytic strategy was chosen if the researcher guarantees that all efforts to contribute to a high quality analysis were made (Yin, 1994).

5- Analysis

5.1- Context

According to what has been said before, e-commerce is the area of Sonae MC responsible for the online sales through the website and the app. Thus, as there is no physical contact between the customer and the store, it is the Contact Center that links these two parts and is indispensable for

the customers to feel closer to the company and to clarify any question or problem they might have along the experience of buying online (customer journey). Therefore, the more efficient it is, the more customers will be satisfied with the online service, improving their experience, choosing Sonae MC's services again the next time they decide to shop online and recommending the service to friends and family. Reditus is the outsourced company in charge of the Contact Center, which is available every day from 9 am to 11 pm. At the beginning of the project, they had a large number of received calls (more than 1,5 contacts per order) and an average time of closing cases of 3 days. Hereupon, the ultimate goal of the project was to reduce the time of closing cases, in order to reduce the costs and, above all, achieve a higher service quality, which increases the customers' satisfaction.

Having in mind this final goal, my first stage was developing an analysis of the CC processes, creating indicators to daily analyze the active cases and find out the typologies that have the highest importance in terms of frequency of occurrence. After that, I drew the flowcharts of the CC processes of those typologies, documenting the steps done by the operators as long as the call arrives to the moment the case is closed. Moreover, in each flowchart, I also identified which steps are responsible for the inefficiency of the process, in order to create improvement opportunities thereafter.

5.2- Preliminary Analysis of Processes Relevance

In the CRM cases registration software, there are 26 cases typologies, but some of them have a really residual weight in the total calls (as 0,1%), having no sense to minutely analyze all of them. In this sense, I defined the weight of each typology in the total active cases as the decision criteria. In the first step, the typologies weights were determined in order to find out the processes with the highest importance. For that, data from CRM of September was used as a sample.

Doing this analysis, I concluded that the categories responsible for the largest number of opened cases are: “returns”; “unrealized deliveries”; “missing items”; “information” and “others”, as shown in appendix 9. Thus, it made sense to focus the study only in these typologies, since they are responsible for a significant part of these cases.

During this analysis, I noticed that many of the processes have a phase of rescheduling, depending on the way the process flows, and in general this phase largely contributes to the time a case remains active. Hence, it made sense to also analyze the rescheduling processes, which corresponds to a different typology that might occur isolated but may also derive from many other typologies, such as unrealized deliveries, returns and missing items. When a certain case with a different typology reaches the rescheduling part, its typology does not change to the “rescheduling” typology and therefore I could conclude that the number of reschedules was greater than the accounted as such.

Moreover, there was a problem concerning the typology “others”, since this had an average weight of 14% and I did not know if some topic inside this typology was significant, and thus worthy of analysis. I checked this situation in order to see if there was any sub-category with representativeness. Considering a sample from two months – August and September, extracted from CRM, I analyzed the “summary” of each case in order to categorize them in a new category, and thus see whether there was any (new) typology that stood out within the “others” and if so, which ones were they.

Doing this, I concluded two important things: first, part of the cases of the typology “others” were incorrectly typified by the operators, since they should have been typified as existing categories. Regarding this, I recommended the Reditus supervision team to perform periodic meetings with the operators to alert them to the importance of correct typifying. Second, I noticed

that there were two subjects that appeared frequently: duplicated and revised invoices. In this sense, I suggested the creation of a new category for those cases.

My cut-off rule was the inclusion of the typologies until the most significant weight break – until the duplicated and revised invoices typology, as can be seen in the chart below.

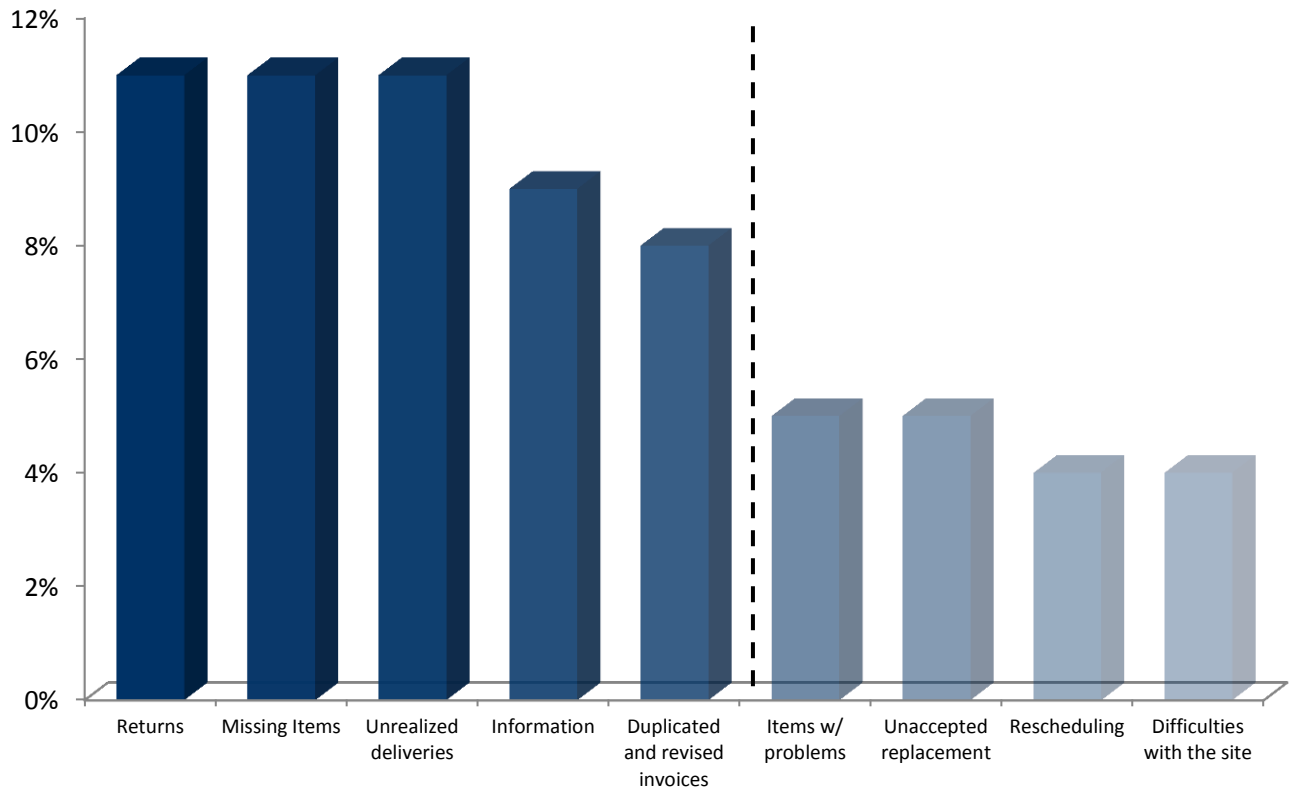


Chart 1: Weight of each process and the Cut-Off bar.

As explained above, “rescheduling” had a higher weight than what is stated in the chart and therefore it was also included in my analysis.

To conclude, the processes identified were: “**returns**” (weight of 11%), “**missing items**” (11%); “**unrealized deliveries**” (11%), “**information**” (9%), “**duplicated and revised invoices**” (8%) and “**rescheduling**” (4%). They totalize 54% of the total cases. I also analyzed for how many days on average the cases remained active in each typology: “returns” have an average of 3 days;

“unrealized deliveries” of 2 days; “missing items” of 3 days; “information” of 4 days; “duplicated and revised invoices” of 1.7 days and “rescheduling” of 1.5 days.

5.3- “As-Is” - Flowcharts and Pain Points

Given the processes previously defined, the flowchart of each process was designed as it was at that time (“As-Is”), structuring all the steps and tasks required for the resolution of each process (see appendix 10).

Then, I studied each flowchart, in order to find out which were the steps that most contributed for the time that those processes stayed active – pain points. They were also represented in the flowcharts of appendix 10 through shapes with a red glow. A pain point is a danger zone in a production or in a cycle where the flow is stopped for a certain period of time (too much or not). Also, the quantification of each pain point was done through the conducted survey, whose results can be seen in appendix 20. These situations are due to inefficient ways of developing the activities and should be corrected by changing and improving the processes, in order to decrease the associated costs and to guarantee the service quality, which is what is usually called Business Process Reengineering.

Starting with the **returns**, the first pain point of this flowchart was the waiting time between the moment when the process went to the store and the moment when the store actually authorized the return, which usually took several days. Moreover, in purchases higher than 5€, the product in question has to be collected and therefore it is necessary to schedule a date to do so. In this sense, the scheduling part is indeed a pain point, affecting indirectly the returns flowchart. Finally, in order to return the money paid by the client, the operator has to fill the customer’s NIB, which was frequently a problem. In fact, by not knowing the NIB, the process could not be completed.

As for **missing items**, the pain point identified was related with the client's options: whether or not the customer was still interested in the product. Both alternatives could take several days - the rescheduling and the reversal process (asking the money back).

The **information** process usually blocked when the information asked was not available on the website or on the SharePoint¹. In these cases, the Sonae MC team responsible for solving this kind of situations, needed to be informed. If the contact center did not get a solution from the team, the situation should be reported to the managers in charge. Eventually, an answer is communicated and the CC is responsible for getting in touch with the client again. As expected, these steps usually took a few days.

In the scope of **unrealized deliveries**, which happens when an order is not delivered because the customer is not at home or does not open the door, the rescheduling process was also inefficient. When the customer did not answer the call, a message was left on voice mail and the operator had to wait 24 hours (or more, as operators recurrently did not monitor the time) for the customer's call. Once again, the rescheduling process was indeed interfering and delaying this process. Also, the contact between the driver and the CC is inefficient.

In the **duplicated and revised invoices**, the customer contacts the CC asking a second copy of the invoice or a rectification of some fields, such as the name, address or the tax number. In these cases, the front office assistant usually redirected the situation to the back office. However, sometimes the back office did not have capacity to deal with the requests' daily flow and the process took even longer than what was predicted. Furthermore, some cases demanded a physically delivery of the invoice (typically the revised invoices) and the process took even longer and had higher costs.

¹ SharePoint is a web application platform used in corporate intranets and also associated with contents and documents management.

Regarding the **rescheduling**, there were two main danger zones. Firstly, getting in contact with the client was usually difficult and many attempts to do so were in vain – the process could take several days, more than the pre-determined 24 hours. Secondly, the process of preparing and delivering the order could also remain active for too long, as it was only closed when the customer received the order.

6- “To-Be” - Recommendations

Considering the pain points identified above, improvement opportunities were studied in order to correct the inefficiencies and recommendations were structured to guide Sonae MC through the CC processes optimization.

6.1- Improvement Opportunities

After critically analyzing the identified pain points and brainstorming the main ideas, there were some improvement opportunities (IO) that should be applied:

IO1: Creation of a list of the products that the stores should accept customers to return, enabling the CC to immediately decide if the return will be possible or not. Moreover, when a client returned a product, the CC waited for its reception and the refund was only made after that. In this sense, I suggested that the CC should immediately refund the client without waiting for the reception of the product, avoiding the waiting days. The operators assume that all the clients deliver their orders - a cost-benefit analysis of this implication is done in appendix 21.

IO2: To avoid the waiting time for the NIB numbers of the customers, I suggested the creation of a field in Continente Online asking for this information. By doing so, the data will be automatically included in CRM and the process will not stop in this stage. For those who are already registered on the website, it should appear one message in the home page encouraging

them to update their profiles in the personal area, thus having to be developed a field for the NIB in that area. In appendix 11, there are illustrative pictures with the prototype of the areas that should be changed, created in an information systems template. In appendix 12, it is presented the necessary changes in FAQ's.

IO3: Within the same topic (NIB), whenever the CC does not know this information, the operators should encourage the customer to accept the reversal to be made to *Cartão Continente*.

IO4: Usually when a front office operator opened a case that implied a refund, the refund itself was done by a back office operator. Thus, I suggested that the front office operator should be responsible for both parts of the process: the contact with the customer and the refund, so that less days would be wasted in the transaction.

IO5: A segmentation system should be created so that each typology is always solved by the same group of people. In this sense, the operators should be grouped by typologies and they will become specialists in solving a pre-determined type of process. For example, if the customer indicates a situation related with the typology "returns", he will be re-directed to someone that is responsible to address this typology.

IO6: In the rescheduling processes, I suggested a change in the way the cases are treated: they should be closed when the new delivery date is defined and not when the delivery is concluded.

IO7: Develop the SharePoint to become more accessible, so that the operators would be able to easily and quickly find the information they need and clarify the customer at the time. This development includes not only the addition of new information, but also a more intuitive documents organization and the creation of rules regarding how the platform's information should be structured in the future. The information that is more frequently asked by consumers should have priority in the development process.

IO8: Copy the contents that are in the website to the SharePoint, in order to ensure that the information is always available. By doing so, potential internet problems would not affect this part of the process.

IO9: When the operator is not able to explain and solve the customer's problem, the situation should be sent to the Sonae MC team and the case should be closed in that moment, as from that moment on it will be the team's responsibility to manage the process and to clarify the customer.

IO10: When a delivery is not finalized, I suggested that the drivers should call the customer instead of sending a ticket to the CC. Thus, the driver would contact immediately the customer when he is not opening the door or when additional directions are needed. A potential script to guide the drivers while talking with the customer was elaborated (see appendix 13).

IO11: In the unrealized deliveries processes, after 10 minutes of the delivery scheduled hour, the CC should immediately reschedule or cancel the delivery, instead of waiting 24 hours (or more) to know whether the client is still interested in the order or not.

IO12: In the invoices processes, I suggested the case to be treated by the same operator, instead of going to a different one in the back office. In this sense, the operator in the front office will be responsible for all the steps of the process, sending the invoice to the customer and closing the case at the end.

IO13: Create an option on the website that allows the user to print and rectify the invoice (the name, address and tax number) only one time, so that these cases would not be sent to the CC. This way, the customers will have the autonomy to solve their problems and will become more satisfied with the service – enhancing the customer's experience. Once again, there are illustrative pictures in appendix 14 with the prototype of the website modifications, developed in an information systems template. The required changes in FAQ's are presented in appendix 15.

IO14: Instead of delivering the revised invoices physically, they should be sent by email – this way, the process is quicker and less costly.

IO15: Define a deadline for a client to reschedule an unrealized delivery, avoiding situations where the customer wants the delivery in 2 or 3 weeks, which leaves the case active until that time. This deadline should be different depending on the situation – when the customer is the responsible for this unrealized delivery, the deadline should be 3 days (when the customer did not open the door). Regarding the others situations, it should be 5 days (in cases of missing items, items with problems and returns). Also, only two reschedules should be authorized. In appendix 16 there are the FAQ's modifications regarding this solution.

After developing this set of improvement opportunities, I met with the managers of the areas related with each solution in order to understand in which ones Sonae MC intended to focus on. The selected solutions (see appendix 17) were the basis for my strategic plan development. Some of those imply modifications in the flowcharts, since they change the steps of the cases resolution. Thus, the new processes were re-designed to be in line with the proposed solutions as can be seen in appendix 18.

6.2- Decision Matrix

Among the accepted improvement opportunities, I classified each one in terms of their benefits in the ultimate goal (decrease the average time of active cases) and in terms of execution capacity (in a scale from 0 to 10, being 0 difficult to implement and 10 easy and fast to execute). In appendix 19, this analysis is presented in table 3. The values of the execution capacity were based on the potential problems and barriers that might happen, according to information given by the head of the CC. The values of the impact were based on the number of days that a case can be active at each stage, given by the operators that participated in the survey and by the head of the

CC. The survey and its results are presented in appendix 20. In addition, I also analyzed each opportunity in terms of their associated costs and benefits (see appendix 21), since these factors were also taken in consideration in the implementation decisions. The first solution has a monthly net benefit of €131, the fifth of €4.595, the sixth of €625, the ninth of €843 and the tenth of €1.554. The others involve neither costs nor benefits. The detailed analysis can be consulted in appendix 21.

Given these values, I was able to create a decision matrix in which those improvement opportunities were represented according to their impacts and execution capacity. In this sense, the horizontal axis represents the impact, the vertical axis represents the execution capacity and the size of each bubble represents the associated monetary benefit (see appendix 22). After this representation, I identified four different quadrants that were the basis for the prioritization of the solutions and different strategies were associated with each quadrant. The improvement opportunities in the first quadrant were recommended to proceed immediately, since they were easy to implement and had great impacts. Those in the second quadrant were to be implemented after the previous ones because they had a lower impact and there is no capacity to implement all at the same time. It was suggested that the solution in the third quadrant should not be implemented, since it was difficult to implement and had an insignificant impact. Finally, the one in the fourth quadrant was recommended to be developed in the mid-term, since despite generating good results, it was not easy to implement – this would probably be a project that would involve a team to think in different ways of organizing the SharePoint, changing the layout, updating and including more information and researching if there is any new tool that is more intuitive and easier to use. Also, the representation of the quadrants and their respective strategic directions can be seen in appendix 23.

6.3- Key Performance Indicators

Finally it was important to define the Key Performance Indicators (KPI's) and the respective targets Sonae MC would expect to reach. Table 2 in appendix 17 states the actions to develop and was the basis to assign the actions to each indicator. The indicators are the average time of cases in active status for each typology, as the main goal is to decrease that time in general. The definition of each target was based on the benefits associated with the opportunities that would be implemented in each typology. Although I have assumed that the total benefit (measured in days) would only affect the cases that have active times greater than that value (not changing the active time of the other cases), the cases that have active times smaller than that value could also be influenced. Thus, the expected targets were calculated in a plausible and even pessimistic way. The KPI's table can be seen in appendix 24 and the calculation of the targets in appendix 25. In addition, based on the target of each typology and on its respective weight in the total of cases, I calculated a target for the global average time in active status (see appendix 26).

7- Conclusion

According to the central question of the project, which was “What should Sonae MC do in order to optimize its Contact Center service and give a faster response to the customers?”, the processes which were the main focus of the project (decided based on the analysis done about the processes relevance) were initially designed and analyzed. Concerning the pain points identified in that analysis, improvement opportunities were developed with the objective to eliminate the inefficiencies detected in each typology and decrease the cases resolution time. By doing so, and following an evolutionary approach, the old processes designated “As-Is” were transformed into new and more efficient ones, the so-called “To-Be”, increasing the customer's satisfaction concerning their cases resolution and enhancing their experience in the process of buying online.

The recommendations were prioritized differently. In the short term, in order to optimize the Contact Center service and give a quicker response to the customers, Sonae MC should focus on defining the deadline for the rescheduling process, immediately rescheduling or canceling a delivery that was not achieved (instead of waiting 24 hours for the customer's answer) and refunding the customer without waiting for the store's confirmation. When the NIB is missing, the refund should be done to *Cartão Continente*. Moreover, the revised invoices should be sent by email and a new field on the website for NIB should be created. After the implementation of these solutions, Sonae MC was recommended to focus on developing an option on the website that allows the user to print and rectify an invoice, making the reversal in the front office (instead of doing it in the back office) and allowing the drivers to directly contact the customers in certain pre-determined situations. Finally, in the mid-term, Sonae MC was recommended to develop its SharePoint, so that it becomes more organized and completed.

The necessary documents for the implementation phase were also developed. According to the cost-benefit analysis carried out, those solutions have an expected monthly net benefit of approximately €7.750. Furthermore, it is expected that the average time in active status of the different typologies after the solutions implementation would be 1.05 days for returns, 1.4 days for information, 0.67 days for missing items, 1 day for unrealized deliveries, 0.6 days for duplicated and revised invoices and 0.7 days for rescheduling. Also, the resolution time of all processes would decrease from 3 to 2 days, a decrease of 33% that will certainly increase the customer's satisfaction.

For future research, I recommend the analysis of the remaining typologies, which despite having a much less significant weight could also be optimized. In addition, I suggest the development of a project based on a revolutionary approach, with the objective of defining more structural changes to optimize the CC in a long-term perspective.